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WORKING PAPER

RUBBER POSITION OF THE SOVIET BLOC
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RUBBER POSITION OF THE SOVIET BLOC

Conclusions

1. Cessation of or a reduction in the volume of rubber shipped to the Soviet Bloc from outside sources would reduce the Bloc's economic potential for war as well as impose additional strains on the economies of the Communist countries.
2. If imports of natural rubber were completely denied to all Soviet Bloc countries, sharp reduction of Soviet capabilities could be achieved. If complete cessation of exports to the Bloc is not effected, Soviet efforts would, nevertheless, be seriously hampered by (a) embargo of rubber to Communist China and (b) substantial reduction of the 1951 level of exports to the USSR.
3. The Sterling Area (UK, Malaya, Ceylon) figured largely in the Soviet Bloc's procurement of natural rubber, furnishing about two-thirds of its total imports during 1947-1951. The USSR received about 80 percent and the East European Satellites 40 percent of their imports from the Sterling Area in this period.

Position of the Entire Bloc

4. The Soviet Bloc is almost entirely dependent upon imports from non-Communist sources for its supply of natural rubber. Its indigenous production is about 3,000 long tons per annum.
5. The rubber fabricating capacity of the Soviet Bloc exceeds the total annual indigenous production of all kinds of rubber (Table I). It is estimated that about 144,000 tons of natural or natural and synthetic will have to be imported in the year beginning 1 July 1952 if fabrication is to be carried on at full capacity.
6. The Soviet Union and China have imported natural rubber during the past few years in amounts which have made possible the accumulation of a reserve. It is possible that a stockpile of about 280,000 long tons has been accumulated by these two countries.¹ This estimate does not include possible accretion from illegal or unreported trade, the extent of which cannot be ascertained at present.
7. The Eastern European Satellites have not imported rubber in excess of their needs and are believed to have no significant surplus outside of working stocks. If the rubber-fabricating industries of the

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Soviet Bloc were to operate at full capacity and if the USSR and China undertook to supply fully the Satellite needs out of their stockpile, it would be completely dissipated in about two years (provided that, in the meantime, the imports of the entire Bloc were completely cut off).

USSR Position

8. Approximately 30,000 tons of synthetic production capacity added in the past year brought the total estimated production by the USSR to 197,000 tons for the year beginning 1 July 1952. This additional capacity was made possible by the completion of several new synthetic plants and increased efficiency of existing plants. These are so constructed that their capacity may be increased. Other new plants are in the planning stage.

9. Fabrication of synthetic rubber products requires, for many types of goods, the addition of natural rubber. The Soviet Union will have enough natural and synthetic rubber from current imports and indigenous production to keep its fabricating facilities operating at full capacity if it receives this year the same amount of natural rubber from non-Bloc sources as it did in 1951.

10. In terms of contribution to the economic war potential of the USSR, the shipment from non-Bloc sources in 1952 of:

a. 68,000 tons of natural rubber would enable the Soviet Union to fabricate rubber products to the limit of its capacity without drawing upon existing stocks;

b. more than 68,000 tons of natural rubber would enable the Soviet Union to fabricate rubber products to the limit of its capacity while either adding to its own stocks or helping the Eastern European Satellites to compensate for deficiencies in their own production and imports; and

c. substantially less than 68,000 tons of natural rubber would force the Soviet Union to either reduce production of rubber products or draw upon its existing stocks.

East European Satellite Position

11. Production of synthetic rubber in the Satellites is modest and is concentrated mainly in East Germany. Production in Czechoslovakia and Poland began only recently and is very small. Only negligible quantities of natural rubber (approximately 200 long tons from native shrubs) is produced in the Satellites. The Soviet Union has furnished very little rubber

- 2 -

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to the Satellites, leaving the latter to obtain a substantial part of their rubber needs from non-Bloc sources.

12. Satellite capacity to fabricate rubber products for the year beginning 1 July 1952 is reliably estimated to exceed indigenous rubber production by some 49,000 long tons. Hence, if the Satellites are to produce rubber products up to their fabricating capacity, they must import this amount from non-Bloc sources (unless the USSR and/or China release some natural rubber from their stockpiles).

13. In terms of contribution to the economic war potential of the Satellites, the shipment from non-Bloc sources in 1952 of:

a. 24,000 tons of natural rubber would enable the Satellites to make selective contributions to the production of rubber products for the Bloc's military program, but would not allow them to operate their fabricating facilities at maximum capacity;

b. more than 24,000 tons of natural rubber would enable the Satellites to increase their contributions to the production of rubber products for the Bloc's military program, with less likelihood that in so doing they might draw upon natural rubber stockpiles elsewhere in the Bloc; and

c. substantially less than 24,000 tons of natural rubber would either severely curtail Satellite production of rubber products or constitute a potential drain on natural rubber stockpiles elsewhere in the Bloc.

Communist China Position

14. China is not, so far as is known, processing synthetic rubber, although it uses about 5,000 tons of reclaimed that it produces. The country has imported natural rubber in excess of its fabricating capacity and could possibly have accumulated a stockpile of about 60,000-100,000 tons. There are recent reports of the shipment of natural rubber from China to Poland, but the amount is unknown. A recent trade agreement calls for the shipment of natural rubber from China to Czechoslovakia.

15. China needs either to import or draw upon stocks for 30,000 tons of natural rubber if it expects to operate its fabricating facilities at capacity.

16. In terms of contribution to the economic war potential of Communist China, the shipment from non-Bloc sources in 1952 of:

a. 30,000 tons of natural rubber would enable China to keep its fabricating facilities operating at full capacity;

- 3 -

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b. more than 30,000 tons of natural rubber would enable China to operate its own fabricating facilities at full capacity and either to stockpile the balance or apply it against military rubber products (or other military items) now being received from the USSR and its East European Satellites; and

c. substantially less than 30,000 tons of natural rubber would force China to draw upon its stockpile for current fabrication of rubber products and would limit its ability to acquire military rubber products from the USSR and its East European Satellites on a toll basis.